

Message Text

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ORIGIN EA-10

INFO OCT-01 ISO-00 AGR-05 SAJ-01 SP-02 AID-05 EB-07 NSC-05

RSC-01 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 PA-01 PRS-01 USIA-06 L-02 H-01 /087 R

DRAFTED BY EA/PRCM:PTLINCOLN,JR.:EBS

APPROVED BY EA/PRCM - OVARMSTRONG

EB/FTD - JWILLIAMS (DRAFT)

EA/EP - AGEBER (DRAFT)

USDA/FAS - DWILLIAMS (SUBS)

----- 077688

P R 080012Z FEB 75

FM SECSTATE WASHDC

TO AMCONSUL HONG KONG PRIORITY

INFO AMEMBASSY BANGKOK

AMEMBASSY MANILA

AMEMBASSY TOKYO

AMEMBASSY TAIPEI

AMEMBASSY SEOUL

USLO PEKING

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E.O. 11652: N/A

TAGS: ETRD, EEW, EAGR, CH, US

SUBJECT: PRESS REPORT ON US COTTON CONTRACT CANCELLATION

REF: HONG KONG 1455

1. LATEST AVAILABLE USDA FIGURES (JANUARY 26) SHOW
467,000 RBA IN OUTSTANDING EXPORT SALES TO PRC. ALTHOUGH
THERE HAVE BEEN SOME SMALL CANCELLATIONS IN THE LAST FEW
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MONTHS (ON A NEGOTIATED BASIS BETWEEN PRC AND THE EXPORT-

ERS), DEPARTMENT AND USDA ARE NOT AWARE OF ANY ACTUAL OR IMPENDING LARGE-SCALE CANCELLATIONS. WE NOTE, HOWEVER, THAT SOME OF THE PRC CONTRACTS EXTEND AS FAR BACK AS 1973 AND THAT THERE MAY BE A LARGE SPREAD BETWEEN CONTRACTED PRICE AND CURRENT MARKET PRICE. THIS IS PRESUMABLY OF CONSIDERABLE CONCERN TO PEKING, PARTICULARLY IN VIEW OF CURRENT PRC FOREIGN EXCHANGE PROBLEMS.

2. FYI. WE ARE INCLINED TO DISCOUNT STRAUSS' LINE OF REASONING ON DIVERSION TO HONG KONG FOR A NUMBER OF REASONS, INCLUDING: (1) PRC HAS PURCHASED RELATIVELY LITTLE SHORT STAPLE COTTON FROM US; AND (2) PRC CANCELLATIONS TO DATE HAVE BEEN SMALL. END FYI

3. FOR HONG KONG AND PEKING: ANY INFORMATION YOU DEVELOP ON PRC INTENTION TO CANCEL US COTTON CONTRACTS WOULD, OF COURSE, BE OF CONSIDERABLE INTEREST IN WASHINGTON. KISSINGER

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: johnsorg
Disposition Case Number: n/a
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Disposition Reason:
Disposition Remarks:
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